

EXCERPTS

COMPREHENSIVE TRANSPORTATION FUNDING PROGRAMS GUIDELINES

2027 CALL FOR PROJECTS

Orange County Transportation Authority



Chapter 2 – Project Programming

Program Consolidation

The M2 RCP improvement categories (see Chapter 7) will combine projects into one application review process. The programs of the CTFP will act as the project funding source. The consolidation of programs will help eliminate confusion among the various requirements and allow the greatest flexibility for programming projects. Other funding programs (Projects S, T, V, W, and X) have similar eligibility requirements, but OCTA will evaluate and approve these projects through a separate process.

Sequential Programming Process – RCP

Timely and efficient use of funding is a critical success factor for the CTFP. Historically, jurisdictions were encouraged to develop long term projects spanning three or more years which often led to delays in implementing final project phases. This dynamic led to larger-than-anticipated funding program cash balances and an inability to fund smaller time sensitive projects in the interim.

In response to concerns raised by the Board and the Taxpayers Oversight Committee responsible for M2 oversight, OCTA will use annual calls that serve a near term programming window (3 years), as well as a sequential funding approach for M2 projects. OCTA expects this new approach to aid in a timelier use of funding and limit the potential for unanticipated project completion delays inherent with long lead time projects.

Sequential funding is a two-step process. Step One, also known as the planning phase, includes funding requests for planning/environmental, engineering and ROW engineering activities. Step Two, also known as the implementation phase, includes ROW engineering/acquisition and construction activities. ROW engineering can be requested in either the planning or implementation phases. Projects must complete the planning phase before an agency requests implementation phase funding during a call for projects. Exceptions to this rule include the following:

- A local jurisdiction may request implementation funding prior to completion of the planning phase if the jurisdiction can demonstrate that the planning phase activities are underway, are substantially complete and the agency will complete the activities within six months of the start of the new phase programmed year.

OR

- A local jurisdiction may request a Fast Track approach, seeking funds for planning and implementation phase at the same time. The jurisdiction may be asked to provide justification for the request, including an explanation of why adherence to the standard sequential programming is not feasible. The justification should address how deferring the application to the next annual call

~~for projects for implementation phase funding would impose undue hardship or potentially jeopardize overall project delivery and the achievement of key milestones must demonstrate that the policy variance is necessary due to the project schedule and waiting until the next annual call for projects to apply for implementation phase funding presents undue hardship or could jeopardize the overall project delivery and milestones.~~ The jurisdiction will waive the opportunity to request a project delay under this approach. The Fast Track approach is permitted only for projects that do not have ROW acquisition needs. If seeking engineering funds, the local jurisdiction must have received environmental clearance and demonstrate that all necessary easements and titles are in place for local jurisdiction use. Under no circumstances will the Fast Track option be considered for local jurisdiction convenience as this could delay implementation of other projects that are shelf ready.

Each call for projects will cover a three-year period that overlaps subsequent future cycles. Funding targets for each cycle are based upon prior funding commitments, anticipated revenues, reprogramming of unused grants (cancellations and savings), and a set aside for future funding cycles.

As part of each call for projects, OCTA will determine an appropriate balance between grants made for the planning and implementation phases.

Tiered Funding

Project funding for RCP (Project O) will follow a tiered funding process that differentiates between large and small projects. The tiered process is described in detail in Chapter 7.

Funding Projections – Call for Projects

Revenue estimates for M2 are updated annually. Programming decisions are based upon conservative economic assumptions provided by Southern California academic institutions. In the future, OCTA will add project cancellations and realized savings from completed projects to anticipated revenues for redistribution in the first year of each funding cycle.

Project Cost Escalation

OCTA bases funding grants on cost estimates that the local jurisdictions provide and that OCTA validates against industry norms during the evaluation process.

When jurisdictions are preparing applications, all cost estimates must be in current year dollars with Month and Year cited. OCTA will review each cost estimate thoroughly and ~~OCTA~~ will escalate approved ROW and construction projects in years two and three of the funding cycle. The match rate percentage identified by implementing jurisdictions in the project grant application shall remain constant throughout the project. This includes projects where the programming has been escalated for future



years. OCTA will base escalation rates for future years on ENR CCI 20-City Average escalation rates. These increases are applied annually and are compounded, meaning each year's increase build on the previous year's total.

For example, the three-year funding period for the 2026 call for projects corresponds to the following fiscal years:

- Year 1: FY 2026-27
- Year 2: FY 2027-28
- Year 3: FY 2028-29

If a jurisdiction submits a project funding request with right-of-way programmed (or anticipated to start) in Year 1 (FY2026-27) and construction programmed in in Year 3 (FY 2028-29), the escalation will only apply to the construction phase. OCTA will escalate the construction costs by the CCI--based adjustment factor beginning in Year 2 (FY 2027-28) of the funding cycle and continue compounding through Year 3. Refer to the table below for an example.

Escalation Adjustment Factor, CCI = 2.8%*			
<u>Programming Year</u>	<u>Fiscal Year (FY)</u>	<u>Adjustment</u>	<u>Escalation %</u>
<u>1</u>	<u>FY26/27</u>	<u>-Base cost (no change)</u>	<u>100.0%</u>
<u>2</u>	<u>FY27/28</u>	<u>Add 2.80%</u>	<u>102.8%</u>
<u>3</u>	<u>FY28/29</u>	<u>Add 2.80% again</u>	<u>105.6%</u>

** Based on January 2026 ENR CCI 20-City Average*

Project Cost Escalation Calculation						
<u>Phase</u>	<u>M2 Request (A)</u>	<u>Programming Year</u>	<u>Escalation % (B)</u>	<u>FY 26/27 (= A x B)</u>	<u>FY 27/28 (= A x B)</u>	<u>FY 28/29 (= A x B)</u>
<u>ROW</u>	<u>\$2,500,000</u>	<u>1</u>	<u>100.0%</u>	<u>\$-2,500,000</u>	<u>-</u>	<u>-</u>
<u>Construction</u>	<u>\$ 800,000</u>	<u>3</u>	<u>105.6%</u>	<u>-</u>	<u>-</u>	<u>\$ 845,427</u>

Revisions to Grant Funding Following Board Approval

Programming Adjustments

If an application is ultimately approved by the Board for a CTFP grant, requests to increase the M2 funding levels will not be considered. ~~OCTA bases funding grants on cost estimates that the local jurisdictions agencies provide and that OCTA validates against industry norms during the evaluation process. Jurisdictions Agencies must provide estimates in current year dollars.~~

~~Projects programmed in Year Two or Year Three of each funding cycle include an ENR CCI-based adjustment factor for the ROW and construction phases only. Under no circumstances shall lead jurisdictions receive increases to their awarded grant amount. Lead jurisdictions agencies shall not receive grant increases.~~ Any cost overruns beyond the awarded grant are the responsibility of local jurisdictions ~~agencies and may count against agencies' match rate commitment for eligible activities~~. Jurisdictions may request scope adjustments to meet budget shortfalls when the jurisdiction can demonstrate substantial consistency and attainment of proposed transportation benefits compared to the original Board-approved project scope.

Cost Overruns

Non-Allowable

Grant increases will not be provided to cover cost overruns, including but not limited to:

- Increases in construction, material, or equipment costs above original estimates
- Labor cost increases, including wage escalation or contractor rate changes
- Budget shortfalls due to underestimated costs at the time of application
- Expenses resulting from project delays or extended schedules
- Change orders or scope expansions that increase total project cost
- Unforeseen site conditions (e.g., subsurface issues, utility conflicts)
- General market-driven cost escalation following award

Non-Overrun Adjustments

Adjustments may be considered only under limited circumstances and do not include cost overruns. Examples may include:

- Administrative corrections (e.g., rounding, clerical errors in the approved amount)
- Reallocation of funds within the approved budget that does not increase the total award
- Formal reductions in scope accompanied by a corresponding decrease in funding

~~When jurisdictions agencies are preparing applications, **all cost estimates must be in current year dollars with Month and Year cited.** OCTA will review each cost estimate thoroughly and will escalate ROW and construction costs based on the year OCTA programs the project grant as stated in the section above. For example, if an agency's cost estimate lists construction costs for a project and OCTA programs the project for Year Three of the funding cycle, then OCTA will escalate the costs by the CCI-based adjustment factor, compounded annually, beginning in Year One of the funding cycle.~~

Project Readiness

In an effort to better utilize project funding and maintain project schedules, programming

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of funding for CTFP under the sequential approach has been revised. In general, to program grants for Step Two (ROW or construction phases), a project must either have:

1. Project-level approval for environmental clearance, California Environmental Quality Act (CEQA), for M2 programs, (National Environmental Policy Act (NEPA) and CEQA for federally funded programs), or
2. Exempt (categorically or statutorily) under CEQA and/or NEPA (as applicable).

OCTA will not consider any projects for funding for ROW and construction without final adopted project level environmental clearance documentation at the time of application.

Programming Policies

OCTA will not increase grants after the initial programming for each phase except through eligible project savings transfers, ~~where applicable~~. Project savings are defined as any remaining anticipated the grant balance value remaining after one a project phase (such as engineering) has been completed. Potential tTransfers should be identified during the SAR phase. Formal request of savings transfers must be include accompanied by updated project information and justification for applying the savings to the intended phase. Construction phase savings may be applied to eligible construction engineering costs within the same project. Request must be made before issuance of the final payment. Scope reductions are not considered project savings. ~~Adjustments in grant funding between PI and O&M can occur after programming approval for sixty (60) calendar days after contract award, in order to reflect actual contract award amounts.~~

Any remaining Overall projects savings at the conclusion of a project will be are returned to the original program for reprogramming in a subsequent call for projects. This section is intended to clarify rather than replace the transfer policy identified in Precept 253.

In order to receive ROW and construction grants, a project must have all environmental clearances in place. OCTA shall not release final payment for the planning stage (includes final design) until confirmation of environmental clearance is provided.

Local jurisdictions are responsible for all costs that exceed the project grant amount and for ensuring adherence to the approved project schedule and scope, maintaining the project schedule, and maintaining the project scope.

A jurisdiction's grant will be cancelled if the jurisdiction does not encumber the funds within the programmed fiscal year. A jurisdiction may request a delay in accordance with the time extension policy described in the precepts.

A local jurisdiction must have a fully executed Letter Agreement prior to the ~~obligation of funds unless they have been approved for pre-award authority. reimbursement of funds. Local jurisdictions, at their own risk, may obligate funds for an M2 funded project prior to the programmed year. For construction and PI phases an agency must have OCTA's written confirmation of eligible and ineligible costs and staff approval to proceed~~

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As stated above, a jurisdiction's grant is based on the project's cost as requested and programmed with established escalation rates. If project costs escalate beyond original estimates and the jurisdiction is unable to cover additional costs, a request to reduce the project scope or limits will be considered where feasible. For example, shortening the roadway transition or reducing the median width (landscaping) to reduce costs. For the RTSSP (Project P), changes to the project costs with respect to the phase allocations will be considered based upon the issuance of the CTO, provided that the readjusted phase allocations do not increase the overall grant. All requests for changes in scope and limits should be submitted to OCTA in advance of the change. This request will be evaluated on a case-by-case basis and may need to ~~must~~ be approved by the Board prior to initiation of the change by the lead jurisdiction. The lead jurisdiction must submit a letter to OCTA no later than June 30th of the year in which funds are programmed stating the reasons for cost increases, a proposal for project scope or limit reduction, and an explanation of why approval of the request is warranted. ~~The review process is similar to the appeals process mentioned above.~~

Schedule Change Requests

Grants approved as part of the CTFP process are subject to timely delivery requirements. Implementation schedules are determined by the lead jurisdiction (applicant). Contract work must be awarded prior to the end of the programmed fiscal year to encumber the funds. If work cannot be initiated within this time frame, a request to defer funding may be submitted to OCTA for consideration. Project status is reviewed every six months during the SAR process. Expired project funding is subject to withdrawal from project and reprogramming in a subsequent call for projects.

Funding delays must be submitted to OCTA in conjunction with the SAR process. These reviews are typically held in Fall and Spring. Emergency delays after the Spring SAR may be considered on a case-by-case basis, but no less than ninety (90) calendar days prior to the encumbrance deadline. The M2 Ordinance permits a delay for up to 24 months. Implementing jurisdictions may request a delay of up to 24 months per project grant. Jurisdictions shall justify this request, receive City Council/Board of Supervisor concurrence, and provide documentation justifying delay to OCTA staff, the TAC and Board as part of the SAR process. Projects that are expected to incur extensive delays beyond the parameters of the program should consider cancellation and reapplication at a future date. Advancement requests may be considered during the review process and may be approved subject to funding availability.

Timely Use of Funds

For project phases (RCP and RTSSP projects see paragraph below), ~~work~~ must be incurred ~~be expensed~~ within 36 months from encumbrance to be considered eligible for reimbursement. Funds extensions up to 24 months may be granted through the SAR. Extension requests must be received prior to the expenditure deadline.

For RCP and RTSSP project phases, ~~work funds~~ must be ~~completed~~~~incurred~~ ~~expensed based on~~ ~~within~~ the project phase schedule that is provided at the time of application ~~plus 6 months~~ (see Precept 210). Funds extensions up to 24 months may be granted through the SAR process. Extension requests must be received prior to the expenditure deadline.

Project Advancements

Local jurisdictions wishing to advance a project by one fiscal year, or more may request project advancement. Advancement requests will be considered only if program funds are available. The grant will be de-escalated according to the original escalation rate.

Requests must be submitted as part of the SAR. All advancements will be reviewed by the TAC and approved by the Board. If approved, the local jurisdiction and project will be required to meet the new fiscal year award or encumbrance deadline.

Should OCTA be unable to accommodate an advancement request due to cash flow constraints, the jurisdiction may still move forward with the project using local funding (see Precept 6). The lead jurisdiction must have a fully executed letter agreement in order to receive an initial payment or reimbursement for costs. For construction and PI phases an agency must have OCTA's written confirmation of eligible and ineligible costs and staff approval to proceed prior to obligating any funds through contract award prior to beginning work. The lead jurisdiction may subsequently seek reimbursement of CTFP funds in the fiscal year in which funds are programmed. Reimbursement shall follow the standard CTFP process (see Chapter 10.9). Prior approval is not necessary if the project is being advanced through local funds. However, if the local agency intends to receive match credit for local funds spent, prior approval is required.

Project Scope Changes

Local jurisdictions may request a scope change so long as the overall project benefits committed to in the Board-approved application can still be delivered. Any request for scope modifications of an approved project must be submitted to OCTA staff in advance of the change to ensure consistency with the project requirements. Request must include the status of the project, detailed description of the modification, rationale for the proposed modification, and potential impacts to the community and funding. For scope changes that do not have significant impacts to the project, which varies by program, OCTA staff will review and provide notification to the local jurisdiction of either approval or rejection of the scope change or if the modification warrants Board approval.

For all other scope changes, OCTA staff will review the modification against the original project scoring criteria, ensure that the proposed change delivers comparable or better benefits to the public, and confirm consistency with the project program requirements. Contingent on staff's evaluation, the scope modification will be presented to the Board for review and approval. For Project V, additional details on scope changes, see are

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provided in Chapter 6.

Local jurisdictions should have prior approval for the scope modification before issuance of a reimbursement. Failure to obtain prior approval may result in a prorated reimbursement amount or a delay in reimbursement, as the scope modification may need to be submitted as part of the SAR for Board approval, which is typically received in June/July for a March SAR cycle and in December for a September SAR cycle.

Semi-Annual Review

OCTA staff will conduct a comprehensive review of CTFP projects on a semi-annual basis to determine the status of projects. Project updates will be provided by the local jurisdictions and uploaded to OCFundtracker. Follow-up meetings to these updates will be held as needed. Semi-annual project reviews are usually scheduled to occur in March and September of each year.

Projects are reviewed to:

1. Update project cost estimates. For any project experiencing cost increases exceeding 10 percent (10%) of the originally contracted amount, a revised cost estimate must be submitted to OCTA. This is applicable even if the increase is within the overall grant amount.
2. Review the project delivery schedule
- 2.3. Verify the Board--approved scope is being delivered
- 3.4. Determine the project's continued viability
- 4.5. Verify project O&M expenditures (e.g. ECP (Project X))
- 5.6. Discuss any potential issues with external fund sources committed as match against the competitive funds

Prior to each review meeting, OCTA staff will distribute a list of active projects to each local jurisdiction. Each jurisdiction will be contacted as needed and asked to participate in the upcoming review where each jurisdiction's project schedules, cost estimates, and scope will be reviewed. Jurisdictions will be given the opportunity to request program changes (e.g. delaying and advancing funds from one fiscal year to another) and each adjustment will be considered on a case-by-case basis. The jurisdiction should be prepared to explain any changes and provide all necessary supporting documentation. Generally, the local jurisdiction is responsible for the implementation of the projects as approved by OCTA, however consideration will be given for circumstances beyond the lead jurisdiction's control that affect scope, cost, or schedule.

Based on the semi-annual review meetings, OCTA staff will develop and present recommendations for project adjustments to the TAC. Requests for project changes (delays, advancements, scope modifications, etc.) will be considered on an individual basis. The following action plan has been developed for the semi-annual review process:

- Require local jurisdictions to submit status reports, project worksheets, and

supporting documentation to OCTA for all project adjustments.

- Require local jurisdictions to abide by the **Time Extension Policy**:
 - Jurisdictions may request a delay of up to 24 months per grant. Local jurisdictions will be required to justify this request and seek approval of OCTA staff, the TAC, and the Board as part of the semi-annual review process.
 - Approved schedule changes will require an update of the local jurisdiction's seven-year CIP and the OCTA cooperative funding agreement.
 - Evidence of Council approval (resolution, minute order, or notification) must be provided prior to Board approval of delays.
 - An administrative delay extension may be granted for expiring M2 funds for a project phase that is clearly engaged in the procurement process (advertised but not yet awarded). The local jurisdiction must notify OCTA through a written request on agency letterhead extension, and provide evidence of advertisement prior to the award deadline. The letter request and proof of advertisement must be received by OCTA no less than thirty (30) days prior to the award deadline to ensure sufficient time for OCTA to review and respond.
 - Agencies that have requested Fast Track funding cannot request time extensions.

Environmental Cleanup Program Operations and Maintenance Reporting For Tier 1 of the ECP (Project X), cash match is required. Ongoing Operations and Maintenance (O&M) of the project can no longer be pledged as a match.

OCTA Branding

Logo

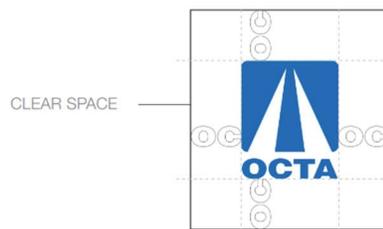
The OCTA logo consists of the OCTA trademark symbol and the Orange County Authority abbreviation (OCTA). Do not change the size or position of the graphic symbol in relation to the logotype. The relationship of the graphic symbol to the logotype is set as shown in the image below and must remain in the same proportion when reduced or enlarged.



Do not change the size or the position of the graphic symbol in relation to the logotype.



Clear space should surround the OCTA logo. No other object or text should infringe on this clear space. The minimum clear space surrounding the logo should be equal to the width of the upper case "OC" in the logotype. This measurement should remain constant regardless of logo size.



The OCTA logo should be produced in one color, PMS 293 Blue. If the logo cannot be produced in PMS 293 Blue, it can be reproduced in PMS 424 Gray or in 100% Black. Use the following conversions for –four-color process printing (CMYK equivalents) and electronic color printing (RGB equivalents):

	BLUE				
	PMS 293	C100	M79	Y11	K3
	PMS 293	R11	G76	B145	
	GRAY				
	PMS 424	C49	M40	Y39	K4
	PMS 424	R136	G138	B140	

Below are examples of acceptable usage:-

One Color



Logo: PMS 293 Blue
Background: White



Logo: PMS 424 Gray
Background: White



Logo: 100% Black
Background: White

Reversed



Logo: White
Background: Any Color

The OCTA logo must not be altered in any way. The following examples constitute misuse of the OCTA logo:

- Using the logo without the "OCTA" logotype
- Distorting the logo or altering the shape or relationship of the symbol to the logotype
- Using an unauthorized keyline around the logo. Reversing the logo in white from the color background instead.
- Altering the typeface of the logotype "OCTA" or substitute other typefaces
- Printing the logo in any color other than the PMS colors indicated in this section
- Adding words or altering the design of the logo in an attempt to create an identity for division, service, program or project
- Using screen percentage when printing the logo in color
- Placing graphics or typing over or close to the logo

For examples of boilerplate language, media releases and public events, please refer to >>> LINK TO BE PROVIDED (in progress) <<<<